

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7790
BILL NUMBER: SB 507

NOTE PREPARED: Jan 16, 2003
BILL AMENDED:

SUBJECT: Distribution of Unused Drugs.

FIRST AUTHOR: Sen. Dillon
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a pharmacy or pharmacist to donate medications to certain health clinics. The bill allows a pharmacist to accept returned medications from a hospice program.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill allows a pharmacy or pharmacist to accept unused, unopened medications from a hospice program in addition to institutional facilities. The returned medications must be returned to the same pharmacy that dispensed the medication and must be in either a multi-dose blister container or a unit-dose pack. It is unknown how many medications would be returned under the provisions of this bill.

This bill also allows for a pharmacist to donate medications, including those returned, to certain health centers. Under current guidelines pharmacists must submit paperwork to charge back the cost of returned medication that was issued through Medicaid prior to resale of the medication. This bill would allow the pharmacists to donate this medication instead. This medication can be donated to a: (1) federally qualified health center, (2) rural health clinic, or (3) a nonprofit health clinic that meets certain guidelines. These clinics may experience reduced expenditures for medications to the extent that returned medications can be reused. The total reduction in expenditures is not known at this time and is contingent upon pharmacists and pharmacies donating unused medications to the clinics.

The Office of Medicaid Policy and Planning estimates the annual credit to Medicaid associated with returned medications to be approximately \$1 M per year. State share of this amount would be about \$380,000. If pharmacists donate returned medication in lieu of crediting Medicaid, the state may incur increased

expenditures. The total impact is contingent upon pharmacist action.

Explanation of State Revenues: See *Explanation of State Expenditures*.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected:

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